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NSC BRIEFING

Document No. 3----No Change In Class.

Class. Changed to: TS S C

Auth.: HR 70-3 Date: 2/21/80

- Mounting discontent in the Philippines over continuing econdaic I. and political deterioration has recently been reflected in rusors that military circles, led by Defense Secretary Vargas, ase plotting a coup against President Garcia,
  - A. Even in his own Macionalista party, Garcia is being criticised for administrative inefficiency and corruption.
  - B. Garcia has in fact failed to act effectively on inflation. unemployment, and other serious economic problems.
- II. We have no firm evidence of an organized coup plot, and believe that if plans for such do exist, they are in an embryonic stage.
  - A. The degree of social unrest does not yet seem to warrant drastic action.
  - B. Vargas and other military leaders have been closely associated with efforts to keep armed forces non-political,
  - C. On 4 November, Vargas and Armed Forces Chief Arellano, who had earlier refused Garcia's demand for their resignations, publicly pledged their loyalty to the President.
  - D. Vargas and Arellano -- who may both yet be removed -- blame time coup rumors on Garcia politicians anxious to remove them said gain party control of the armed forces before future elections.